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RUEHXL/MOSCOW POLITICAL COLLECTIVE PRIORITY
RUEHUJA/AMEMBASSY ABUJA PRIORITY 0037
RUEHOS/AMCONSUL LAGOS PRIORITY 0129
RHEHNSC/NSC WASHDC PRIORITY
RHMFIS/DEPT OF ENERGY WASHINGTON DC PRIORITY

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SIPDIS

DEPT FOR EUR/RUS, FOR EEB/ESC/IEC GALLOGLY AND WRIGHT
EUR/CARC, SCA (GALLAGHER, SUMAR)
DOE FOR FREDRIKSEN, HEBORG, EKIMOFF

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TAGS: FPET ENRG ECON PREL RS
SUBJECT: NIGERIAN EMBASSY SAYS GAZPROM DEAL "JUST AN
OUTLINE"

Classified By: Econ MC Eric T. Schultz for Reasons 1.4 (b/d)

DEAL STILL IN "EMBRYONIC" STAGE

¶11. (C) Gazprom announced on September 3 that it has signed an MOU with the Nigerian National Petroleum Company (NNPC) to implement joint exploration, production, and transportation projects in Nigeria's hydrocarbons sector. According to Gazprom's statement the two sides will establish a joint venture to carry out future projects. Nigerian Economic Counselor Onesimus Atanze told us September 9 that the deal is "just an outline" for cooperation. He said the proposal is still in the "embryonic" stage and contains no financial commitments and few details.

¶12. (C) Atanze said this is the first such agreement between the two companies. He said Nigeria has long sought to develop its gas resources, but that there has been little interest on the part of international oil and gas companies. He said he believes Gazprom will bring valuable experience and expertise in gas development to Nigeria. According to Atanze, any gas resulting from a future Gazprom-NNPC project would be destined for Nigeria's domestic consumption.

COMMENT

¶13. (C) Gazprom is leaving no stone unturned in its bid to expand internationally. As this deal and others suggest, its approach is to get something, anything, signed as quickly as possible and work on details later. Hashing out details of this deal, however, could prove problematic. Gazprom's strategic goals of controlling stakes in as much future LNG as possible and building up assets to swap with other international players may clash with Nigeria's more parochial goals of supplying its domestic market. Furthermore, NNPC may come to realize why Gazprom is not exactly known for its technical prowess in offshore gas fields or in onshore jungle terrain. All that said, given Nigeria's and Russia's reputations for corruption, a Gazprom-NNPC joint venture could be interesting to watch.

BEYRLE